110TH CONGRESS
1ST SESSION

# S. 1082

To amend the Federal Food, Drug, and Cosmetic Act to reauthorize and amend the prescription drug user fee provisions, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

APRIL 10, 2007

Mr. KENNEDY introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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# A BILL

To amend the Federal Food, Drug, and Cosmetic Act to reauthorize and amend the prescription drug user fee provisions, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE; REFERENCES IN ACT.**

(a) SHORT TITLE.—This Act may be cited as the ''Prescription Drug User Fee Amendments of 2007''.

(b) REFERENCES IN ACT.—Except as otherwise specified, whenever in this Act an amendment is expressed in terms of an amendment to a section or other provision, the reference shall be considered to be made to a section

or other provision of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.).

**SEC. 2. DRUG FEES.**

Section 735 (21 U.S.C. 379g) is amended—

(1) by striking the section designation and all that follows through ''For purposes of this subchapter:'' and inserting the following:

**''SEC. 735. DRUG FEES.**

''(a) PURPOSE.—It is the purpose of this part that the fees authorized under this part be dedicated toward expediting the drug development process, the process for the review of human drug applications, and postmarket drug safety, as set forth in the goals identified for purposes of this subchapter in the letters from the Secretary to the Chairman of the Committee on Health, Education, Labor, and Pensions of the Senate and the Chairman of the Committee on Energy and Commerce of the House of Representatives, as set forth in the Congressional Record.

''(b) REPORTS.—

''(1) PERFORMANCE REPORT.—For fiscal years 2008 through 2012, not later than 120 days after the end of each fiscal year during which fees are collected under this part, the Secretary shall prepare and submit to the Committee on Health, Education,

Labor, and Pensions of the Senate and the Committee on Energy and Commerce of the House of Representatives, a report concerning the progress of the Food and Drug Administration in achieving the goals identified in the letters described in subsection (a) during such fiscal year and the future plans of the Food and Drug Administration for meeting the goals. The report for a fiscal year shall include information on all previous cohorts for which the Secretary has not given a complete response on all human drug applications and supplements in the cohort.

''(2) FISCAL REPORT.—For fiscal years 2008 through 2012, not later than 120 days after the end of each fiscal year during which fees are collected under this part, the Secretary shall prepare and submit to the Committee on Health, Education, Labor, and Pensions of the Senate and the Committee on Energy and Commerce of the House of Representatives, a report on the implementation of the authority for such fees during such fiscal year and the use, by the Food and Drug Administration, of the fees collected during such fiscal year for which the report is made.

''(3) PUBLIC AVAILABILITY.—The Secretary shall make the reports required under paragraphs (1) and (2) available to the public on the Internet website of the Food and Drug Administration.

''(c) REAUTHORIZATION.—

''(1) CONSULTATION.—In developing recommendations to present to Congress with respect to the goals, and plans for meeting the goals, for the process for the review of human drug applications for the first 5 fiscal years after fiscal year 2012, and for the reauthorization of this part for such fiscal years, the Secretary shall consult with—

''(A) the Committee on Energy and Commerce of the House of Representatives;

''(B) the Committee on Health, Education, Labor, and Pensions of the Senate;

''(C) scientific and academic experts;

''(D) health care professionals;

''(E) representatives of patient and consumer advocacy groups; and

''(F) the regulated industry.

''(2) PUBLIC REVIEW OF RECOMMENDATIONS.—After negotiations with the regulated industry, the Secretary shall—

''(A) present the recommendations developed under paragraph (1) to the Congressional committees specified in such paragraph;

''(B) publish such recommendations in the Federal Register;

''(C) provide for a period of 30 days for the public to provide written comments on such recommendations;

''(D) hold a meeting at which the public may present its views on such recommendations; and

''(E) after consideration of such public views and comments, revise such recommendations as necessary.

''(3) TRANSMITTAL OF RECOMMENDATIONS.—Not later than January 15, 2012, the Secretary shall transmit to Congress the revised recommendations under paragraph (2), a summary of the views and comments received under such paragraph, and any changes made to the recommendations in response to such views and comments.

''(d) DEFINITIONS.—For purposes of this part:'';

(2) in subsection (d)—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking ''505(b)(1),'' and inserting ''505(b), or'';

(ii) by striking subparagraph (B);

(iii) by redesignating subparagraph (C) as subparagraph (B); and

(iv) in the matter following subparagraph (B), as so redesignated, by striking ''subparagraph (C)'' and inserting ''subparagraph (B)'';

(B) in paragraph (3)(C), by—

(i) striking ''the list'' and inserting ''the list (not including the discontinued section of such list)''; and

(ii) striking ''a list'' and inserting ''a list (not including the discontinued section of such a list)'';

(C) in paragraph (4), by inserting before the period at the end the following: ''(such as capsules, tablets, and lyophilized products before reconstitution)'';

(D) by amending paragraph (6)(F) to read as follows:

''(F) In the case of drugs approved under human drug applications or supplements, postmarket safety activities, including—

''(i) collecting, developing, and reviewing safety information on approved drugs (including adverse event reports);

''(ii) developing and using improved adverse event data collection systems (including information technology systems); and

''(iii) developing and using improved analytical tools to assess potential safety problems (including by accessing external data bases).'';

(E) in paragraph (8)—

(i) by striking ''April of the preceding fiscal year'' and inserting ''October of the preceding fiscal year''; and

(ii) by striking ''April 1997'' and inserting ''October 1996'';

(F) by redesignating paragraph (9) as paragraph (10); and

(G) by inserting after paragraph (8) the following:

''(9) The term 'person' includes an affiliate thereof.''.

**SEC. 3. AUTHORITY TO ASSESS AND USE DRUG FEES.**

(a) TYPES OF FEES.—Section 736(a) (21 U.S.C. 379h(a)) is amended—

(1) in the matter preceding paragraph (1), by striking ''2003'' and inserting ''2008'';

(2) in paragraph (1)—

(A) in subparagraph (D)—

(i) in the heading, by inserting ''OR WITHDRAWN BEFORE FILING'' after ''REFUND OF FEE IF APPLICATION REFUSED FOR FILING''; and

(ii) by inserting before the period at the end the following: ''or withdrawn without a waiver before filing'';

(B) by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively; and

(C) by inserting after subparagraph (D) the following:

''(E) FEE FOR APPLICATION PREVIOUSLY REFUSED FOR FILING OR WITHDRAWN BEFORE FILING.—An application or supplement that has been refused for filing or that was withdrawn before filing, if filed under protest or resubmitted, shall be subject to the fee under subparagraph (A) (unless an exception under sub-

paragraph (C) or (F) applies or the fee is waived or reduced under subsection (d)), without regard to previous payment of such a fee and the refund of 75 percent of that fee under subparagraph (D).''; and

(3) in paragraph (2)—

(A) in subparagraph (A), by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (C)''; and

(B) by adding at the end the following:

''(C) SPECIAL RULES FOR COMPOUNDED POSITRON EMISSION TOMOGRAPHY DRUGS.—

''(i) IN GENERAL.—Except as provided in clause (ii), each person who is named as the applicant in an approved human drug application for a compounded positron emission tomography drug shall be subject under subparagraph (A) to one-quarter of an annual establishment fee with respect to each such establishment identified in the application as producing compounded positron emission tomography drugs under the approved application.

''(ii) EXCEPTION FROM ANNUAL ESTABLISHMENT FEE.—Each person who is

named as the applicant in an application described in clause (i) shall not be assessed an annual establishment fee for a fiscal year if the person certifies to the Secretary, at a time specified by the Secretary and using procedures specified by the Secretary, that—

''(I) the person is a not-for-profit medical center that has only 1 establishment for the production of compounded positron emission tomography drugs; and

''(II) at least 95 percent of the total number of doses of each compounded positron emission tomography drug produced by such establishment during such fiscal year will be used within the medical center.''.

(b) FEE REVENUE AMOUNTS.—Section 736(b) (21 U.S.C. 379h(b)) is amended to read as follows:

''(b) FEE REVENUE AMOUNTS.—Except as provided in subsections (c), (d), (f), and (g), fees under subsection (a) shall be established to generate the following revenue amounts, in each fiscal year beginning with fiscal year 2008 and continuing through fiscal year 2012:

$392,783,000, plus an adjustment for workload on $354,893,000 of this amount. Such adjustment shall be made in accordance with the workload adjustment provisions in effect for fiscal year 2007, except that instead of commercial investigational new drug applications submitted to the Secretary, all commercial investigational new drug applications with a submission during the previous 12-month period shall be used in the determination. One-third of the revenue amount shall be derived from application fees, one-third from establishment fees, and one-third from product fees.''.

(c) ADJUSTMENTS TO FEES.—

(1) INFLATION ADJUSTMENT.—Section 736(c)(1) (21 U.S.C. 379h(c)(1)) is amended—

(A) in the matter preceding subparagraph (A) by striking ''The revenues established in subsection (b)'' and inserting ''Beginning with fiscal year 2009, the revenues established in subsection (b)'';

(B) in subparagraph (A) by striking ''or'' at the end;

(C) in subparagraph (B) by striking the period at the end and inserting '', or,'';

(D) by inserting after subparagraph (B) the following:

''(C) the average annual change in the cost, per full-time equivalent position of the Food and Drug Administration, of all personnel compensation and benefits paid with respect to such positions, for the first 5 fiscal years of the previous 6 fiscal years.''; and

(E) in the matter following subparagraph (C) (as added by this paragraph), by striking ''fiscal year 2003'' and inserting ''fiscal year 2008''.

(2) WORKLOAD ADJUSTMENT.—Section 736(c)(2) (21 U.S.C. 379h(c)(2)) is amended—

(A) in the matter preceding subparagraph (A,) by striking ''2004'' and inserting ''2009'';

(B) in the first sentence of subparagraph (A)—

(i) by striking '', commercial investigational new drug applications'' and inserting ''(adjusted for changes in review activities)''; and

(ii) by inserting before the period at the end '', and the change in the number of commercial investigational new drug applications with a submission during the

previous 12-month period (adjusted for changes in review activities)'';

(C) in subparagraph (B), by adding at the end the following new sentence: ''Further, any adjustment for changes in review activities made in setting fees and fee revenue amounts for fiscal year 2009 may not result in the total workload adjustment being more than 2 percentage points higher than it would be absent the adjustment for changes in review activities.''; and

(D) by adding at the end the following:

''(C) The Secretary shall contract with an independent accounting firm to study the adjustment for changes in review activities applied in setting fees for fiscal year 2009 and to make recommendations, if warranted, on future changes in the methodology for calculating the adjustment for changes in review activity. After review of the recommendations by the independent accounting firm, the Secretary shall make appropriate changes to the workload adjustment methodology in setting fees for fiscal years 2010 through 2012. If the study is not

conducted, no adjustment for changes in review activities shall be made after fiscal year 2009.''.

(3) RENT AND RENT-RELATED COST ADJUSTMENT.—Section 736(c) (21 U.S.C. 379h(c)) is amended—

(A) by redesignating paragraphs (3), (4), and (5) as paragraphs (4), (5), and (6), respectively; and

(B) by inserting after paragraph (2) the following:

''(3) RENT AND RENT-RELATED COST ADJUSTMENT.—Beginning in fiscal year 2010, the Secretary shall, before making the adjustments under paragraphs (1) and (2), reduce the fee amounts established in subsection (b), if actual costs paid for rent and rent-related expenses are less than $11,721,000. The reductions made under this paragraph, if any, shall not exceed the amounts by which costs fell below $11,721,000, and shall not exceed $11,721,000 in any fiscal year.''.

(4) FINAL YEAR ADJUSTMENT.—Section 736(c) (21 U.S.C. 379h(c)) is amended—

(A) in paragraph (4), as redesignated by this subsection—

(i) by striking ''2007'' each place it appears and inserting ''2012''; and

(ii) by striking ''2008'' and inserting ''2013''; and

(B) in paragraph (5), as redesignated by this subsection, by striking ''2002'' and inserting ''2007''.

(d) FEE WAIVER OR REDUCTION.—Section 736(d) (21 U.S.C. 379h(d)) is amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), by—

(A) inserting ''to a person who is named as the applicant'' after ''The Secretary shall grant'';

(B) inserting ''to that person'' after ''a waiver from or a reduction of one or more fees assessed''; and

(C) striking ''finds'' and inserting ''determines'';

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively;

(3) by inserting after paragraph (1) the following:

''(2) EVALUATION.—For the purpose of determining whether to grant a waiver or reduction of a

fee under paragraph (1), the Secretary shall consider only the circumstances and assets of the applicant and any affiliate of the applicant.''; and

(4) in paragraph (4), as redesignated by this subsection, in subparagraph (A), by inserting before the period at the end ``, and that does not have a drug product that has been approved under a human drug application and introduced or delivered for introduction into interstate commerce''.

(e) CREDITING AND AVAILABILITY OF FEES.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 736(g)(3) (21 U.S.C. 379h(g)(3)) is amended to read as follows:

``(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fees under this section such sums as are authorized to be assessed and collected under this section in each of fiscal years 2008 through 2012.''.

(2) OFFSET.—Section 736(g)(4) (21 U.S.C. 379h(g)(4)) is amended to read as follows:

``(4) OFFSET.—If the cumulative amount of fees collected during fiscal years 2008, 2009, and 2010, plus the amount estimated to be collected for fiscal year 2011, exceeds the amount of fees specified in aggregate in appropriation Acts for such fis-

cal years, the aggregate amount in excess shall be credited to the appropriation account of the Food and Drug Administration as provided in paragraph (1), and shall be subtracted from the amount of fees that would otherwise be authorized to be collected under this section pursuant to appropriation Acts for fiscal year 2012.''.

(f) CONFORMING AMENDMENTS.—

(1) Section 736(a) (21 U.S.C. 379h(a)), as amended by this section, is amended—

(A) in paragraph (1)(A), by striking ''subsection (c)(4)'' each place it appears and inserting ''subsection (c)(5)'';

(B) in paragraph (2), by striking ''subsection (c)(4)'' and inserting ''subsection (c)(5)''; and

(C) in paragraph (3), by striking ''subsection (c)(4)'' and inserting ''subsection (c)(5)''.

(2) Section 736A(h)(3), as added by section 4 of this Act, is amended by striking ''735(3)'' and inserting ''735(d)(3)''.

**SEC. 4. AUTHORITY TO ASSESS AND USE PRESCRIPTION DRUG ADVERTISING FEES.**

Chapter VII, subchapter C, part 2 (21 U.S.C. 379g et seq.) is amended by adding after section 736 the following new section:

**"SEC. 736A. PROGRAM TO ASSESS AND USE FEES FOR THE ADVISORY REVIEW OF PRESCRIPTION DRUG ADVERTISING.**

''(a) TYPES OF DIRECT-TO-CONSUMER TELEVISION ADVERTISEMENT REVIEW FEES.—Beginning in fiscal year 2008, the Secretary shall assess and collect fees in accordance with this section as follows:

''(1) ADVISORY REVIEW FEE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), each person that on or after October 1, 2007, submits a proposed direct-to-consumer television advertisement for advisory review by the Secretary prior to its initial public dissemination shall be subject to a fee established under subsection (c)(3).

''(B) EXCEPTION FOR REQUIRED SUBMISSIONS.—A direct-to-consumer television advertisement that is required to be submitted to the Secretary prior to initial public dissemination shall not be assessed a fee unless the sponsor

designates it as a submission for advisory review.

''(C) PAYMENT.—The fee required by subparagraph (A) shall be due no later than October 1 of the fiscal year in which the direct-to-consumer television advertisement shall be submitted to the Secretary for advisory review.

''(D) MODIFICATION OF ADVISORY REVIEW FEE.—

''(i) LATE PAYMENT.—If, on or before November 1 of the fiscal year in which the fees are due, a person has not paid all fees that were due and payable for advisory reviews identified in response to the Federal Register notice described in subsection (c)(3)(A), the fees shall be regarded as late. Such fees shall be due and payable 20 days before any direct-to-consumer television advertisement is submitted by such person to the Secretary for advisory review. Notwithstanding any other provision of this section, such fees shall be due and payable for each of those advisory reviews in the amount of 150 percent of the advi-

sory review fee established for that fiscal year pursuant to subsection (c)(3).

''(ii) LATE NOTICE OF SUBMISSION.—If any person submits any direct-to-consumer television advertisements for advisory review that are in excess of the number identified by that person in response to the Federal Register notice described in subsection (c)(3)(A), that person must pay a fee for each of those advisory reviews in the amount of 150 percent of the advisory review fee established for that fiscal year pursuant to subsection (c)(3). Fees under this subparagraph shall be due 20 days before the direct-to-consumer television advertisement is submitted by such person to the Secretary for advisory review.

''(E) LIMITS.—

''(i) IN GENERAL.—The payment of a fee under this paragraph for a fiscal year entitles the person that pays the fee to acceptance for advisory review by the Secretary of 1 direct-to-consumer television advertisement and acceptance of 1 resubmission for advisory review of the same ad-

vertisement. The advertisement shall be submitted for review in the fiscal year for which the fee was assessed, except that a person may carry over no more than 1 paid advisory review submission to the next fiscal year. Resubmissions may be submitted without regard to the fiscal year of the initial advisory review submission.

''(ii) NO REFUND.—Except as provided by subsection (f), fees paid under this paragraph shall not be refunded.

''(iii) NO WAIVER, EXEMPTION, OR REDUCTION.—The Secretary shall not grant a waiver, exemption, or reduction of any fees due or payable under this section.

''(iv) NON-TRANSFERABILITY.—The right to an advisory review is not transferable, except to a successor in interest.

''(2) OPERATING RESERVE FEE.—

''(A) IN GENERAL.—Each person that, on or after October 1, 2007, is assessed an advisory review fee under paragraph (1) shall be subject to an operating reserve fee established under subsection (d)(2) only in the first fiscal year in which an advisory review fee is assessed.

"(B) PAYMENT.—Except as provided in subparagraph (C), the fee required by subparagraph (A) shall be due no later than October 1 of the first fiscal year in which the person is required to pay an advisory review fee under paragraph (1).

"(C) LATE NOTICE OF SUBMISSION.—If, in the first fiscal year of a person's participation in the Program, that person submits any direct-to-consumer television advertisements for advisory review that are in excess of the number identified by that person in response to the Federal Register notice described in subsection (c)(3)(A), that person must pay an operating reserve fee for each of those advisory reviews equal to the advisory review fee for each submission established under paragraph (1)(D)(ii). Fees required by this subparagraph shall be in addition to the fees required under subparagraph (B), if any. Fees under this subparagraph shall be due 20 days before any direct-to-consumer television advertisement is submitted by such person to the Secretary for advisory review.

''(b) ADVISORY REVIEW FEE REVENUE AMOUNTS.—Fees under subsection (a)(1) shall be established to generate revenue amounts of $6,250,000 for each of fiscal years 2008 through 2012, as adjusted pursuant to subsection (c).

''(c) ADJUSTMENTS.—

''(1) INFLATION ADJUSTMENT.—Beginning with fiscal year 2009, the revenues established in subsection (b) shall be adjusted by the Secretary by notice, published in the Federal Register, for a fiscal year to reflect the greater of—

''(A) the total percentage change that occurred in the Consumer Price Index for all urban consumers (all items; United States city average), for the 12-month period ending June 30 preceding the fiscal year for which fees are being established;

''(B) the total percentage change for the previous fiscal year in basic pay under the General Schedule in accordance with section 5332 of title 5, as adjusted by any locality-based comparability payment pursuant to section 5304 of such title for Federal employees stationed in the District of Columbia; or

"(C) the average annual change in the cost, per full-time equivalent position of the Food and Drug Administration, of all personnel compensation and benefits paid with respect to such positions, for the first 5 fiscal years of the previous 6 fiscal years.

The adjustment made each fiscal year by this subsection shall be added on a compounded basis to the sum of all adjustments made each fiscal year after fiscal year 2008 under this subsection.

"(2) WORKLOAD ADJUSTMENT.—

"(A) IN GENERAL.—Beginning with fiscal year 2009, after the fee revenues established in subsection (b) of this section are adjusted for a fiscal year for inflation in accordance with paragraph (1), the fee revenues shall be adjusted further for such fiscal year to reflect changes in the workload of the Secretary with respect to the submission of proposed direct-to-consumer television advertisements for advisory review prior to initial broadcast.

"(B) DETERMINATION OF WORKLOAD ADJUSTMENT.—

"(i) IN GENERAL.—The workload adjustment under this paragraph for a fiscal

year shall be determined by the Secretary—

"(I) based upon the number of direct-to-consumer television advertisements identified pursuant to paragraph (3)(A) for that fiscal year, excluding allowable previously paid carry over submissions; and

"(II) by multiplying the number of such advertisements projected for that fiscal year that exceeds 150 by $27,600 (adjusted each year beginning with fiscal year 2009 for inflation in accordance with paragraph (1)).

"(ii) PUBLICATION IN FEDERAL REGISTER.—The Secretary shall publish in the Federal Register the fee revenues and fees resulting from the adjustment and the supporting methodologies.

"(C) LIMITATION.—Under no circumstances shall the adjustment result in fee revenues for a fiscal year that are less than the fee revenues established for the prior fiscal year.

''(3) ANNUAL FEE SETTING.—

''(A) NUMBER OF ADVERTISEMENTS.—The Secretary shall, 120 days before the start of each fiscal year, publish a notice in the Federal Register requesting any person to notify the Secretary within 30 days of the number of direct-to-consumer television advertisements the person intends to submit for advisory review by the Secretary in the next fiscal year. Notification to the Secretary of the number of advertisements a person intends to submit for advisory review prior to initial broadcast shall be a legally binding commitment by that person to pay the annual advisory review fee for that number of submissions on or before October 1 of the fiscal year in which the advertisement is intended to be submitted. A person shall at the same time also notify the Secretary if such person intends to use a paid submission from the previous fiscal year under subsection (a)(1)(E)(i). If such person does not so notify the Secretary, all submissions for advisory review shall be subject to advisory review fees.

''(B) ANNUAL FEE.—The Secretary shall, 60 days before the start of each fiscal year, es-

tablish, for the next fiscal year, the direct-to-consumer television advertisement advisory review fee under subsection (a)(1), based on the revenue amounts established under subsection (b), the adjustments provided under this subsection and the number of direct-to-consumer television advertisements identified pursuant to subparagraph (A), excluding allowable previously paid carry over submissions. The annual advisory review fee shall be established by dividing the fee revenue for a fiscal year (as adjusted pursuant to this subsection) by the number of direct-to-consumer television advertisements identified pursuant to subparagraph (A), excluding allowable previously paid carry over submissions.

''(C) FISCAL YEAR 2008 FEE LIMIT.—Notwithstanding subsection (b), the fee established under subparagraph (B) for fiscal year 2008 may not be more than $83,000 per submission for advisory review.

''(D) ANNUAL FEE LIMIT.—Notwithstanding subsection (b), the fee established under subparagraph (B) for a fiscal year after fiscal year 2008 may not be more than 50 per-

cent more than the fee established for the prior fiscal year.

''(E) LIMIT.—The total amount of fees obligated for a fiscal year may not exceed the total costs for such fiscal year for the resources allocated for the process for the advisory review of prescription drug advertising.

''(d) OPERATING RESERVES.—

''(1) IN GENERAL.—The Secretary shall establish in the Food and Drug Administration salaries and expenses appropriation account without fiscal year limitation a Direct-to-Consumer Advisory Review Operating Reserve, of at least $6,250,000 in fiscal year 2008, to continue the Program in the event the fees collected in any subsequent fiscal year pursuant to subsection (c)(3) do not generate the fee revenue amount established for that fiscal year.

''(2) FEE SETTING.—The Secretary shall establish the operating reserve fee under subsection (a)(2)(A) for each person required to pay the fee by multiplying the number of direct-to-consumer television advertisements identified by that person pursuant to subsection (c)(3)(A) by the advisory review fee established pursuant to subsection (c)(3) for that fiscal year. In no case shall the operating reserve fee

assessed be less than the operating reserve fee assessed if the person had first participated in the Program in fiscal year 2008.

''(3) USE OF OPERATING RESERVE.—The Secretary may use funds from the reserves under this subsection only to the extent necessary in any fiscal year to make up the difference between the fee revenue amount established for that fiscal year under subsection (b) and the amount of fees collected for that fiscal year pursuant to subsection (a), or to pay costs of ending the Program if it is terminated pursuant to subsection (f) or if it is not reauthorized after fiscal year 2012.

''(4) REFUND OF OPERATING RESERVES.—Within 120 days of the end of fiscal year 2012, or if the Program is terminated pursuant to subsection (f), the Secretary, after setting aside sufficient operating reserve amounts to terminate the Program, shall refund all amounts remaining in the operating reserve on a pro rata basis to each person that paid an operating reserve fee assessment. In no event shall the refund to any person exceed the total amount of operating reserve fees paid by such person pursuant to subsection (a)(2).

''(e) EFFECT OF FAILURE TO PAY FEES.—Notwithstanding any other law or regulation of the Secretary, a submission for advisory review of a direct-to-consumer television advertisement submitted by a person subject to fees under subsection (a) shall be considered incomplete and shall not be accepted for review by the Secretary until all fees owed by such person under this section have been paid.

''(f) EFFECT OF INADEQUATE FUNDING OF PROGRAM.—

''(1) FIRST FISCAL YEAR.—If on November 1, 2007, or 120 days after enactment of the Prescription Drug User Fee Amendments of 2007, whichever is later, the Secretary has received less than $11,250,000 in advisory review fees and operating reserve fees combined, the Program shall be terminated and all collected fees shall be refunded.

''(2) SUBSEQUENT FISCAL YEARS.—Beginning in fiscal year 2009, if, on November 1 of a fiscal year, the combination of the operating reserves, annual fee revenues from that fiscal year, and unobligated fee revenues from prior fiscal years is less than $9,000,000, adjusted for inflation (in accordance with subsection (c)(1)), the Program shall be terminated, and the Secretary shall notify all partici-

pants, retain any money from the unused advisory review fees and the operating reserves needed to terminate the Program, and refund the remainder of the unused fees and operating reserves. To the extent required to terminate the Program, the Secretary shall first use unobligated advisory review fee revenues from prior fiscal years, then the operating reserves, and then unused advisory review fees from the relevant fiscal year.

''(g) CREDITING AND AVAILABILITY OF FEES.—

''(1) IN GENERAL.—Fees authorized under subsection (a) shall be collected and available for obligation only to the extent and in the amount provided in advance in appropriations Acts. Such fees are authorized to remain available until expended. Such sums as may be necessary may be transferred from the Food and Drug Administration salaries and expenses appropriation account without fiscal year limitation to such appropriation account for salaries and expenses with such fiscal year limitation. The sums transferred shall be available solely for the process for the advisory review of prescription drug advertising.

''(2) COLLECTIONS AND APPROPRIATION ACTS.—The fees authorized by this section—

''(A) shall be retained in each fiscal year in an amount not to exceed the amount specified in appropriation Acts, or otherwise made available for obligation for such fiscal year; and

''(B) shall be available for obligation only if appropriated budget authority continues to support at least the total combined number of full-time equivalent employees in the Food and Drug Administration, Center for Drug Evaluation and Research, Division of Drug Marketing, Advertising, and Communications, and the Center for Biologics Evaluation and Research, Advertising and Promotional Labeling Branch supported in fiscal year 2007.

''(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fees under this section not less than $6,250,000 for each of fiscal years 2008, 2009, 2010, 2011, and 2012, as adjusted to reflect adjustments in the total fee revenues made under this section, plus amounts collected for the reserve fund under subsection (d).

''(4) OFFSET.—Any amount of fees collected for a fiscal year under this section that exceeds the amount of fees specified in appropriation Acts for such fiscal year shall be credited to the appropria-

tion account of the Food and Drug Administration as provided in paragraph (1), and shall be subtracted from the amount of fees that would otherwise be collected under this section pursuant to appropriation Acts for a subsequent fiscal year.

''(h) DEFINITIONS.—For purposes of this section:

''(1) The term 'advisory review' means reviewing and providing advisory comments regarding compliance of a proposed advertisement with the requirements of this Act prior to its initial public dissemination.

''(2) The term 'carry over submission' means a submission for an advisory review for which a fee was paid in a fiscal year that is submitted for review in the following fiscal year.

''(3) The term 'direct-to-consumer television advertisement' means an advertisement for a prescription drug product as defined in section 735(3) intended to be displayed on any television channel for less than 2 minutes.

''(4) The term 'person' includes an individual, a partnership, a corporation, and an association, and any affiliate thereof or successor in interest.

''(5) The term 'Program' means the Program to assess, collect, and use fees for the advisory re-

view of prescription drug advertising established by this section.

''(6) The term 'process for the advisory review of prescription drug advertising' means the activities necessary to review and provide advisory comments on proposed direct-to-consumer television advertisements prior to public dissemination and, to the extent the Secretary has additional staff resources available under the Program that are not necessary for the advisory review of direct-to-consumer television advertisements, the activities necessary to review and provide advisory comments on other proposed advertisements and promotional material prior to public dissemination.

''(7) The term 'resources allocated for the process for the advisory review of prescription drug advertising' means the expenses incurred in connection with the process for the advisory review of prescription drug advertising for—

''(A) officers and employees of the Food and Drug Administration, contractors of the Food and Drug Administration, advisory committees, and costs related to such officers, employees, and committees, and to contracts with such contractors;

''(B) management of information, and the acquisition, maintenance, and repair of computer resources;

''(C) leasing, maintenance, renovation, and repair of facilities and acquisition, maintenance, and repair of fixtures, furniture, scientific equipment, and other necessary materials and supplies;

''(D) collection of fees under this section and accounting for resources allocated for the advisory review of prescription drug advertising; and

''(E) terminating the Program under subsection (f)(2), if necessary.

''(8) The term 'resubmission' means a subsequent submission for advisory review of a direct-to-consumer television advertisement that has been revised in response to the Secretary's comments on an original submission. A resubmission may not introduce significant new concepts or creative themes into the television advertisement.

''(9) The term 'submission for advisory review' means an original submission of a direct-to-consumer television advertisement for which the sponsor

voluntarily requests advisory comments before the advertisement is publicly disseminated.''.

**SEC. 5. SAVINGS CLAUSE.**

Notwithstanding section 509 of the Prescription Drug User Fee Amendments of 2002 (21 U.S.C. 379g note), and notwithstanding the amendments made by this Act, part 2 of subchapter C of chapter VII of the Federal Food, Drug, and Cosmetic Act, as in effect on the day before the date of enactment of this Act, shall continue to be in effect with respect to human drug applications and supplements (as defined in such part as of such day) that on or after October 1, 2002, but before October 1, 2007, were accepted by the Food and Drug Administration for filing with respect to assessing and collecting any fee required by such part for a fiscal year prior to fiscal year 2008.

**SEC. 6. TECHNICAL AMENDMENTS.**

(a) Section 737 (21 U.S.C. 379i) is amended in the matter preceding paragraph (1), by striking ''subchapter'' and inserting ''part''.

(b) Section 739 (21 U.S.C. 379j–11) is amended in the matter preceding paragraph (1), by striking ''subchapter'' and inserting ''part''.

**SEC. 7. EFFECTIVE DATES.**

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this Act shall take effect October 1, 2007.

(b) EXCEPTION.—The amendment made by section 4 of this Act shall take effect on the date of enactment of this Act.

**SEC. 8. SUNSET DATE.**

Sections 735, 736, and 736A of the Federal Food, Drug, and Cosmetic Act shall cease to be effective on October 1, 2012.

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